Yukon
Liquor Corporation

11th Annual Report

April 1, 1987 to March 31, 1988

The Honourable R. S. Kimmerly,
Minister for
Yukon Liquor Corporation

Dear Sir:

I submit herein the Eleventh Annual Report of the Yukon Liquor Corporation for the year ended March 31, 1988, in accordance with the requirements of Section 13 of the Liquor Act.

The Board of Directors of the Corporation is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board has exercised this responsibility through the Audit Committee. This Committee is composed of directors, who are not employees of the Corporation, and the General Manager. The Audit Committee has also discharged its responsibilities conferred upon it by the Board of Directors and meets on a regular basis with management and the Auditor General of Canada who have unrestricted access to the Committee.

I would respectfully request that this report be tabled at the next ensuing session of the Legislative Assembly.

Respectfully submitted,

Margaret A. Dunn
Chairperson
Board of Directors

YUKON LIQUOR CORPORATION

ELEVENTH ANNUAL REPORT

1988

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Margaret A. Dunn, Chairperson,
Yukon Liquor Corporation
Whitehorse, Yukon

Dear Mrs. Dunn,

I am pleased to provide you with the Eleventh Annual Report of the Yukon Liquor Corporation for the year ending March 31, 1988.

SALES

Net income for the year under review amounted to $5,133,000. This represents an increase of $217,000 or 4.4% more than the net profit of $4,916,000 for 1987. Liquor taxes collected amounted to $1,862,000 during the year. Therefore, net income and liquor tax for 1987 amounted to $6,995,000 or 4.9% more than the total of $6,670,000 for 1987.

The volume of alcohol products sold during 1988 equalled 4,222,000 litres. In terms of volume, spirits sales increased by 0.1%, wine sales increased by 8.0% and beer sales increased by 7.6% in comparison to the previous year's totals.

The sales to licensees amounted to $11,268,000 for 1988 and this represents an increase of $581,000 or 5.4% more than 1987. These sales account for 61.3% of our total gross sales.

GENERAL REMARKS

The Liquor Corporation continues to regulate the importing, distribution and retailing of all alcoholic beverages within the requirements of the Liquor Act and attendant regulations. The Corporation also remains responsible for issuance, cancellation, and suspension of all liquor licences, enforcement of the Act, inspections and all other matters relating to control of the sale of liquor.

The Corporation is continuing its liaison with various territorial government departments with regard to present and future needs in the realm of liquor legislation and enforcement.

Negotiations with various parts of the private sector, including breweries and freight carriers, were again resultant in solidifying the goal of achieving recognition of Yukon needs that are supplemental to those of southern jurisdictions.

Changing sales trends have resulted in the need to constantly review our product selection. A total of 189 new products were listed during the year of which 51 products were special ordered. The Liquor Corporation handled 7,392 tons of liquor during the year. Return of empty bottles were 69.6% on liquor bottles, 91.2% on beer bottles and 58.1% on beer cans.

The Liquor Inspectors are a part of the Corporation, with inspection matters carried out by them coming under the direction of the General Manager. A close working relationship has been established with enforcement agencies whereby prompt attention is given to any problem situation observed to be developing in respect to any licensed operation. Similar programs have also been developed with fire, building and health authorities whereby joint or co-ordinated inspections have achieved quick success in rectifying unsatisfactory or hazardous conditions within licensed premises.

Proof-of-Age Identification cards issued totalled 719. Permits issued during the year by Liquor Inspectors and Store Managers at various locations in the Territory amounted to 185 Reception, 469 Special Occasion, and 0 Wine Making Permits.

Ongoing liaison with licensees, the R.C.M.P. and other agencies assisted in furthering control of the sale of liquor, assisting licensees where possible and decreasing the misuse of alcohol in Yukon.

MANAGEMENT RESPONSIBILITY

The management of the Corporation is responsible for all the information, including the financial statements, contained in this annual report. The financial statements were prepared in accordance with generally accepted accounting principles appropriate in the circumstances and include estimates based on management's experience and judgement. The financial statements have been approved by the Board of Directors of the Corporation.

Management maintains books and records, financial and management control and information systems and management practices in such a manner as to provide reasonable assurance that reliable and accurate financial information is produced on a timely basis, that assets are safeguarded and controlled, that transactions are in accordance with the Yukon Financial Administration Act and its regulations as well as the Liquor Act and regulations, the by-laws of the Corporation and the Liquor Tax Act. Moreover, the Corporation has complied with the Yukon Financial Administration Act and its regulations, the Yukon Liquor Act and regulations, the by-laws and the Liquor Tax Act.

The Auditor General of Canada conducts an independent examination of the financial statements of the Corporation in accordance with generally accepted auditing standards. He also considers whether the transactions that come to his notice in the course of his examination are in accordance with the authorities outlined above, and reports on his examination to the responsible Executive Council Member.

ACKNOWLEDGEMENTS

I would like to thank you and other Board Members for your support and assistance during the year. It has been an interesting and successful year.

I wish to acknowledge with gratitude, on behalf of the Corporation, the fine co-operation and assistance given by all departments of the Government, the Office of the Auditor General and by the R.C.M.P.

Further details of the Corporation's operations are contained in the various attachments, all of which are respectfully submitted.

A. Vantell
General Manager and
Chief Executive Officer

AUDITOR GENERAL OF CANADA VERIFICATEUR GENERAL DU CANADA

AUDITOR'S REPORT

To the Executive Council Member responsible for the
Yukon Liquor Corporation

I have examined the balance sheet of the Yukon Liquor Corporation as at March 31, 1988 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have, in all significant respects, been in accordance with the Yukon Financial Administration Act and regulations, the Liquor Act and regulations, the by-laws of the Corporation and the Liquor Tax Act.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 3, 1988

YUKON LIQUOR CORPORATION

Balance Sheet
as at March 31, 1988

ASSETS

	1988	1987
	(thousands of dollars)	
Current		
Cash	$ 1,058	$ 511
Accounts receivable	98	60
Inventories	2,205	2,507
Prepaid expenses	17	19
	$ 3,378	$ 3,097

LIABILITIES

Current		
Accounts payable	$ 2,352	$ 2,135
Deferred revenue	100	68
	2,452	2,203
Accrued employee termination benefits	226	194
Government of the Yukon Working capital advance	700	700
	$ 3,378	$ 3,097

Approved by the Board:

Margaret A Burns
Chairman

Member

YUKON LIQUOR CORPORATION

Statement of Income
for the year ended March 31, 1988

	1988	1987
	(thousands of dollars)	
Sales	$ 15,495	$ 14,611
Cost of goods sold	7,903	7,521
Gross profit	7,592	7,090
Expenses		
Salaries and employee benefits	1,971	1,711
Rentals, utilities and maintenance	371	359
Cartage	162	176
Travel and communication	63	53
General and office supplies	62	55
Professional services	26	15
Board honoraria and expenses	15	12
Miscellaneous	4	2
	2,674	2,383
Operating income	4,918	4,707
Other income		
Fees, permits and licences	63	63
Bank interest	21	71
Miscellaneous	131	69
	215	209
Net income for the year, transferred to the Government of the Yukon	$ 5,133	$ 4,916

1. Authority and operations

The Corporation, established under the Liquor Act, is responsible for the purchase, distribution and sale of liquor within the Territory. It is also responsible for controlling the sale of liquor through licenced outlets and enforcing all matters related to the Act.

The Corporation is provided with an interest-free working capital advance by the Government of the Yukon, to which the net income for the year is transferred in accordance with the Act.

2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year. The more significant accounting policies of the Corporation are as follows:

Inventories

Inventories are valued at landed cost at Whitehorse.

Fixed assets

Fixed assets are financed by the Government of the Yukon under a capital vote within the Capital Estimates of the Government. These assets are owned by the Government of the Yukon and are recorded in the accounts at a nominal amount of $1.

Pensions

The Corporation and its employees, who are deemed to be employees of the Government of the Yukon, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

3. Fixed assets

The cost to the Government of the Yukon of fixed assets held by the Corporation at March 31 is as follows:

	1988	1987
	(thousands of dollars)	
Liquor store buildings	$ 899	$ 866
Store and warehouse improvements	1,076	949
Equipment	436	420
Furniture and office equipment	129	132
	$ 2,540	$ 2,367

During the year, fixed assets costing $215,000 (1987 - $776,000) were charged to a capital vote of the Government of the Yukon and transferred to the Corporation without charge.

4. Accommodation and services provided without charge

These financial statements do not reflect the cost of accommodation and other services provided without charge by the Government of the Yukon, or the value of services provided without charge to the Government by the Corporation in its capacity as Territorial Agent in localities outside Whitehorse. The value of services provided by the Government to the Corporation is estimated at $194,000 (1987 - $192,000). The value of services provided by the Corporation to the Government is estimated at $216,000 (1987 - $196,000).

5. Collection of liquor taxes

The Corporation transferred to the Government of the Yukon liquor taxes of $1,862,000 (1987 - $1,754,000) collected during the year under the Liquor Tax Act.

6. Related party transactions

In addition to the related party transactions disclosed in Notes 3 to 5 inclusive, accounts payable at March 31, 1988 include $867,000 due to the Government of the Yukon (1987 - $720,000).

7. Lease commitments

The Corporation has commitments to December 31, 1990 for leased premises of $176,000 per year, subject to annual Consumer Price Index adjustments.

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EXECUTIVE COUNCIL MEMBER
responsible for the Corporation

Roger Kimmerly	Minister

BOARD OF DIRECTORS

Margaret Dunn	Chairperson, Whitehorse
Mary Dick	Member, Ross River
Oliver Hutton	Member, Mayo
Veronica Bob	Member, Teslin
Bruce O'Neil	Member, Haines Junction

CHIEF EXECUTIVE OFFICER

Andy Vantell	General Manager and Chief Executive Officer

BRANCH HEADS

Robert Morris	Manager, Store and Warehouse Operations
Roger Moore	Chief Liquor Inspector
Joanne Ambrose	Manager, Finance and Administration

Head Office and Warehouse
9031 Quartz Road
Whitehorse, Yukon. Y1A 4P9

LIQUOR STORES

Whitehorse	Watson Lake
Dawson	Faro
Mayo	Haines Junction

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LIQUOR LICENCES ISSUED

	1988	1987
Liquor Coctail Lounge	55	57
Beer Tavern	1	1
Dining Room	54	48
Restaurant Beer and Wine	36	40
Liquor Off Premises	64	64
Beer Off Premises	27	27
Club Liquor	13	12
Beer Canteen	3	3
Special Liquor	9	10
Aircraft/Ship Liquor	4	3
Room Service Liquor	17	17
Mess Liquor	3	3
Sport Stadium	1	1
Recreation Facility	2	2
TOTAL	289	288

PERMITS ISSUED

Reception Permits	185	110
Special Occasion Permits	469	489
Wine Making	0	0
TOTAL	654	600

SUMMARY OF PERMITS ISSUED DURING 1988

	RECEPTION	SPEC. OCC.	WINE MAKING
Whitehorse Office	115	217	0
Faro Store	7	64	-
Mayo Store	19	62	-
Watson Lake Store	3	54	-
Haines Junction Store	6	33	-
Dawson City Store	35	39	-
TOTAL	185	469	0

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SCHEDULE OF SPIRITS, WINE AND BEER
SALES BY STORE

($000'S)

	SPIRITS	WINE	BEER	1988	1987
WHITEHORSE	$2,204	$1,066	$1,245	$ 4,515	$ 4,289
DAWSON CITY	483	211	648	1,342	1,233
MAYO	236	72	288	596	537
WATSON LAKE	521	174	569	1,264	1,188
HAINES JUNCTION	164	38	268	470	443
FARO	365	94	435	894	855
LICENSED OUTLET	2,006	550	3,858	6,414	6,066
1988	$5,979	$2,205	$7,311	$15,495	
% OF SALES	38.6	14.2	47.2	100.0	
1987	$5,879	$1,998	$6,734		$14,611
% OF SALES	40.2	13.7	46.1		100.0

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SCHEDULE OF LIQUOR TAXES
($000'S)

	SPIRITS	WINE	BEER	1988	1987
WHITEHORSE	$ 265	$ 128	$ 149	$ 542	$ 515
DAWSON CITY	58	25	78	161	148
MAYO	28	9	35	72	64
WATSON LAKE	62	21	68	151	143
HAINES JUNCTION	20	4	32	56	53
FARO	44	11	52	107	103
LICENSED OUTLET	241	67	463	771	728
ADMINISTRATION	2			2	
1988	$ 720	$ 265	$ 877	$1,862	
TOTAL 1987	$ 706	$ 239	$ 809		$1,754

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SCHEDULE OF GROSS PROFIT
($000'S)

	SPIRITS	WINE	BEER	1988	1987
NET SALES	$5,979	$2,205	$7,311	$15,495	$14,611
COST OF GOODS SOLD	2,609	987	4,307	7,903	7,521
GROSS PROFIT 1988	$3,370	$1,218	$3,004	$ 7,592	
% OF TOTAL	44.4	16.0	39.6	100.0	
GROSS PROFIT 1987	$3,320	$1,099	$2,617		$ 7,090
% OF TOTAL	46.8	15.5	37.7		100.0

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SCHEDULE OF OPERATING EXPENSES
($000'S)

	Whse.	Dawson	Mayo	Watson Lake	Haines Jctn.	Faro	Central Warehouse Licenced Outlet	Admin. Inspection Board and Alcohol Program	1988	1987
Salaries & Employee Benefits	$318	$121	$123	$124	$77	$ 96	$414	$698	$1,971	$1,711
Rentals, Utilities & Maintenance	173	23	35	18	17	12	54	39	371	359
Cartage	15	28	8	23	10	16	62	0	162	176
Travel & Communication	0	3	1	1	1	4	0	53	63	53
General & Office Supplies	5	2	2	2	2	2	16	31	62	55
Professional Services	5	0	0	0	1	0	1	19	26	15
Board Honoraria & Expenses	0	0	0	0	0	0	0	15	15	12
Miscellaneous	3	1	0	0	0	0	0	0	4	2
1988	$519	$178	$169	$168	$108	$130	$547	$855	$2,674	
1987	$470	$151	$146	$165	$88	$123	$568	$672		$2,383

YUKON LIQUOR CORPORATION

SCHEDULE OF GALLONS OF LIQUOR SOLD

1987 - 1988

	SPIRITS	WINE	BEER	1988	1987
WHITEHORSE	22,968	35,230	128,982	187,180	180,893
DAWSON CITY	4,939	6,754	71,590	83,283	79,048
MAYO	2,480	2,599	30,570	35,649	31,889
WATSON LAKE	5,415	5,907	62,012	73,334	67,725
HAINES JUNCTION	1,745	1,315	28,606	31,666	29,178
FARO	3,849	3,347	45,996	53,192	48,808
LICENSED OUTLET	21,039	16,517	427,122	464,678	430,102
1988	62,435	71,669	794,878	928,982	
TOTAL					
1987	62,399	66,384	738,860		867,643
% Increase	0.1%	8.0%	7.6%		

YUKON LIQUOR CORPORATION

SCHEDULE OF TONS OF LIQUOR SOLD

1987 - 1988

	1988	1987
Whitehorse	1,470	1,440
Dawson City	694	661
Mayo	306	274
Watson Lake	568	536
Haines Junction	274	251
Faro	400	422
Licensed Outlet	3,680	3,382
	7,392	6,966